The Commission previously considered standby rates in its investigation of small generator interconnection standards, Docket No. E-100, Sub 101, and notes that many utilities have eliminated standby rates for small customer-owned generation. Neither Duke nor Progress, for example, imposes a standby charge on residential customers. Utilities should not be required to eliminate standby rates if doing so would simply shift costs from customer-generators to the utility's remaining customers. The Commission, therefore, will continue to monitor the imposition of standby rates and take further action, if necessary.

The Commission recommends that no action be taken by the General Assembly at this time with regard to net metering. In Senate Bill 3, the General Assembly required the Commission to consider whether it is appropriate to allow generators up to one megawatt to participate in net metering. On June 9, 2008, the Commission issued an Order in Docket No. E-100, Sub 83 establishing a procedural schedule to receive verified written direct and rebuttal expert testimony and exhibits addressing this issue. In its Order, the Commission indicated that it would consider not only whether solar photovoltaic (PV), wind-powered, micro-hydro, or biomass-fueled electric generating facilities up to one megawatt or some smaller size should be allowed to net meter, but also whether additional types of generating facilities should be allowed to net meter and whether the terms and conditions under which generating facilities are currently allowed to net meter should otherwise be changed. The deadline for persons to intervene and file direct testimony and exhibits in this docket was August 29, 2008; parties may file rebuttal testimony and exhibits on or before October 24, 2008. Hearings also have been scheduled in Charlotte and Raleigh to allow members of the public an opportunity to testify orally before the Commission.

## Advanced metering and demand response

The scope of "demand response" is potentially very broad. In the context of this analysis, demand response refers to those rate structures, policies, and measures implemented by utilities that allow customers to agree in advance to having their load reduced, or curtailed, during periods when variable production costs or electric demand are high. Thus, while TOU rates could generally be considered demand response rates in that customers respond to price signals to reduce load, customers are not required to agree in advance or to commit to reduce load as is required under demand response rates and direct load control programs. Advanced metering – including automated, or remote, meter reading (AMR); interval, or demand, metering; and automated metering infrastructure (AMI), or smart grid, technologies – is the infrastructure that supports increased demand response and many of the other rate structures, policies, and measures included in this analysis. As a result, any implementation of AMI should be accompanied by the development of innovative rates that allow customers to benefit from the enhanced information provided by new technology.